

Editorial

Making the makers of value the takers of value

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There has been a consensus among economists of different persuasion that the divorce between the making and taking of value is at the root of many economic woes. One of the prominent scholars of young generation, Mariana Mazzucato, in her book, *The Value of Everything: Making and Taking in the Global Economy* observed that "the way the word value is used in modern economics has made it easier for value extracting activities to masquerade as value creating activities....inequality rises and investment in real economy falls." Inquiries into the socially unacceptable inequality under globalization lead us to the doorsteps of the systems that deprive the makers of value from becoming its takers. There is also a growing consensus that these issues could only be addressed by the State because left to market forces, these problems get aggravated rather than mitigated.

Notable achievements in the agricultural sector especially in production notwithstanding, it is generally recognized that the farmers, who make the value out of their hard work, are rarely able to be the takers of value. This has been empirically articulated in terms of high traders' margin or the abysmally low share of producers' in what the consumers pay. Moreover, the prices of agricultural crops are subjected to violent fluctuations (see the article by Narayana and Shagishna in this issue) and the farmers are at the mercy of the market. State interventions like fixing the minimum support price have been in place. But Kerala has not been a major beneficiary because only two crops cultivated in Kerala - coconut and paddy - have been included and the procurement was limited to only one crop -paddy. Further the current policy stance of the Central Government is not inclined to strengthen such interventions. Even in the case of plantation crops, like rubber, tea, coffee and spices, under the Ministry of Commerce, the focus has been on ensuring enhanced supply (value making) at the instance of the commodity boards concerned. Sadly enough, interventions towards

ensuring remunerative prices for the farmers (value taking) were missing which explains the present plight of rubber growers in Kerala.

In this context, the announcement of basic price for the major 16 agricultural products cultivated in Kerala, that include vegetables, fruits and tubers, by the Government of Kerala assumes importance. The announcement made on 1 November, 2020 ensures the procurement of the output by the farmers at the basic price which at present is 20 per cent higher than the cost of production. The scheme could benefit all those farmers who cultivate less than 15 acres in a season. Productivity ceiling has also been fixed for all the crops and the base price will be offered only to that quantity which could be produced from the area owned. The programme, coordinated by the Agricultural Department, is being implemented jointly by different departments concerned with the development of agricultural sector and the local self-governments. The scheme also envisages setting up of supply chain process such as cold-storage facilities and refrigerated vehicles to minimise wastage

While the recent agricultural marketing reforms at the instance of the Central Government has attracted much dissent from the farming community and widely perceived as inimical to the cooperative federalism, the maiden initiative by the State Government is timely and deserves much appreciation. Going by the available evidence, the production of vegetables in the State more than doubled during the last five years. Since the announcement of basic price will make the cultivation of these crops more remunerative and induce farmers to allocate more area under fruits and vegetable cultivation, the production of these crops is bound to record higher growth in the years to come and reduce our dependence on external supply. If implemented properly by exploiting all the possible linkages this could lead to the writing of a new history of Kerala's agriculture sector.

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